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O N F I D E N T I A L PRAGUE 000889

SIPDIS

E.O. 12958: DECL: 06/06/2015

TAGS: PARM PM EZ

SUBJECT: CZECH ARMS SALES/DONATIONS TO IRAQ AND AFGHANISTAN

- EMBASSY PRAGUE PROPOSAL FOR INTEREMBASSY TEAM

Classified By: Deputy Political Counselor Mark Canning for reasons 1.4  
(B) and (D)

**11. (U) ACTION REQUEST, SEE PARAGRAPH 4.**

2 (C) As the western-most country in the Soviet bloc, then Czechoslovakia became the forward ammo depot for any potential invasion of Western Europe. That fact, combined with the recent draw-down in the number of Czech troops from over 130,000 to roughly 30,000, means there are massive surpluses of Soviet-era ammunition in the Czech Republic. The Czech Army doesn't have adequate storage facilities, or money to build new ones and renovate old ones. As a result, the Czech Army has begun asking Czech arms firms to help them get rid of the surplus. The Czech Republic, as a result of rather liberal registration requirements in the early to mid 90's, has more than 160 firms licensed to deal in arms and some of these firms have eagerly responded with proposed sales of the surplus to Iraq and Afghanistan. The contractor for these transactions is usually either the US Government, or an American firm. The licensing authorities at the Czech Ministry of Foreign Affairs (MFA) are generally inclined to support requests from the US. But they are also inclined to be cautious when the end user is in places such as Afghanistan or Iraq. If the MFA has any questions about the sale itself, or the supporting documents, they are likely to withhold approval of the export application. Therefore, post proposes the establishment of a mechanism under which Embassy Prague would be notified of the proposed sale, and Embassies in Baghdad and Kabul would identify points of contact who could confirm details or answer questions regarding the sale.

**13. (C) Such a mechanism would not only help avoid delays in the licensing process, it should also help avoid situations in which American companies use a Czech subcontractor which is in turn subcontracting part of the transaction to a firm in a country of concern. Although there are massive surpluses in the Czech Republic, not all firms have access to all the material. Czech firms might contract to provide more than they have access to domestically and then try to make up the difference with imports from other countries, including countries of concern. That information, which might not be available to the main American contractor, would be in the import documentation the Czech firm would have to provide to the licensing authorities at the MFA. The MFA's licensing office is currently processing 8 export applications for Iraq and Afghanistan, with US contractors, for transactions ranging from 8000 rounds to 150 million rounds. One of the transactions, for example, involves a subcontractor in China about which the US Army office handling the sale was unaware of.**

**14. (SBU) ACTION REQUEST:** On more than one occasion, Embassy Baghdad has already helped answer questions, or confirm an EUC, and for that post is grateful. But these were done on an ad hoc basis, and involved an unnecessarily long chain of passed messages. Post would like to identify individuals in Baghdad and Kabul who could be directly contacted by counterparts in Prague. Embassy Prague's points of contact are:

Pol--mil officer Brian Greaney (GreaneyBE@state.sgov.gov)  
Tel: 420 257-533-822  
Defense Attache Office:Colonel Frank Morgese  
(dimorfx@notes.dawn.dia.smil.mil) Tel:420 257-533-811  
Request Baghdad and Kabul provide views on feasibility of such a mechanism and points of contact.

CABANISS